



# WHAT IS SSF?

SSF are futures contracts that gives investors and traders the right to buy (long) or sell (short) an underlying listed share at a fixed price on a future date.



## Features



Standardised contract with specifications as determined by Bursa Malaysia



Exchange traded and cleared on Bursa Malaysia



Each SSF contract is equivalent to 1,000 units of the underlying share



SSFs expire on the last business day of the contract month

## Which Stocks Are Available For SSF Trading?

- ▶ CIMB Group Holding Bhd Futures
- ▶ DRB-HICOM Bhd Futures
- ▶ Gamuda Bhd Futures
- ▶ Genting Bhd Futures
- ▶ Genting Malaysia Bhd Futures
- ▶ Hartalega Holding Bhd Futures
- ▶ Inari Amerthon Bhd Futures
- ▶ My EG Service Bhd Futures
- ▶ Telekom Malaysia Bhd Futures
- ▶ Top Glove Bhd Futures

# WHY TRADE SSF?



## Take advantage of both bull and bear markets

Not only can a trader buy low and sell high when a bull market is anticipated, he can also sell high and buy low if a bear market is expected by selling SSFs without having to borrow shares.

In a bull market scenario where SSF price is expected to **RISE**



**BUY LOW** ▼ **SELL HIGH** ▲

In a bear market scenario where SSF price is expected to **DROP**



**BUY HIGH** ▲ **SELL LOW** ▼

Profit is earned from the price difference in the net position.



## Capital efficiency

The margin required to start trading is only a fraction of the value of the underlying stock. Trading activities can be carried out with a smaller capital.



## Low entry cost

The value of SSF contracts value is based on the value of one thousand unit of single shares, but the stock transaction costs are low relative to purchasing or selling the total underlying shares.



## Enhanced trading strategies

SSF provides opportunity to protect/hedge your stock portfolio with the same underlying stocks.

## TRADING EXAMPLE (BULL MARKET)

### SCENARIO 1:

Lembu & Co. recently announced a positive net profit at the end of 2<sup>nd</sup> quarter this year. The stock price for Lembu & Co. is expected to rise due to the positive sentiment.

1 lot SSF = 1,000 unit of shares

Assuming initial margin required for Lembu & Co. SSF is MYR 300

#### STEP 1

Forecast that Lembu & Co. price is rising, (Price of SSF during the announcement)  
MYR 3.00 x 1,000 unit of shares  
= MYR 3,000

#### Action:

Buy 1 lot SSF contract for Lembu & Co. at the price of MYR 3.00



MYR 3.50

#### STEP 2

The SSF contract for Lembu & Co rise to MYR 3.50 as forecasted. (Price of SSF 3 days after announcement)  
MYR 3.50 x 1,000 unit of shares  
= MYR 3,500

#### Action:

Sell 1 lot SSF contract for Lembu & Co. at the price of MYR 3.50

#### Net Profit

MYR 3,500 - MYR 3,000 = MYR 500

#### Initial Margin Deposited

MYR 300

#### Profit from the price difference

MYR 500

#### ROI

MYR 500 (Profit) / MYR 300 (Initial Margin) = 167%

## TRADING EXAMPLE (BEAR MARKET)

### SCENARIO 2:

Beruang Brothers recently announced a negative net loss at the end of 3<sup>rd</sup> quarter this year. The stock price for Beruang Brothers is expected to decline due to the negative sentiment.

1 lot SSF = 1,000 unit of shares

Assuming initial margin required for Beruang Brothers SSF is MYR 400

#### STEP 2

The SSF contract for Beruang Brothers price decline to MYR 3.40 as forecasted. (Price of SSF 3 days after announcement)  
MYR 3.40 x 1,000 unit of shares  
= MYR 3,400

#### Action:

Buy 1 lot SSF contract for Beruang Brothers at the price of MYR 3.40



MYR 4.00

#### STEP 1

Forecast that Beruang Brothers is falling, (Price of SSF during the announcement)  
MYR 4.00 x 1,000 unit of shares = MYR 4,000

#### Action:

Sell 1 lot SSF contract for Beruang Brothers at the price of MYR 4.00

#### Net Profit

MYR 4,000 - MYR 3,400 = MYR 600

#### Initial Margin Deposited

MYR 400

#### Profit from the price difference

MYR 600

#### ROI

MYR 600 (Profit) / MYR 400 (Initial Margin) = 150%

# Single Stock Futures (SSF)

## Contract Specifications

# FAQ

CONTRACT CODE	SSF
UNDERLYING INSTRUMENT	Selected single stock
CONTRACT SIZE	1,000-unit shares
MINIMUM PRICE FLUCTUATION	0.02 point valued at MYR 20.00
DAILY PRICE LIMITS	None
CONTRACT MONTHS	Spot month, the next month and the next two calendar quarterly months. The calendar quarterly months are March, June, September and December.
TRADING HOURS	First trading session: 08:45a.m. to 12:45p.m. (GMT+8) Second trading session: 02:30p.m. to 05:15p.m. (GMT+8)
FINAL TRADING DAY	The last Business Day of the contract month.
FINAL SETTLEMENT	Cash settlement based on the Final Settlement Value.
FINAL SETTLEMENT VALUE	The Final Settlement Value shall be the Weighted Average Price, rounded to 2 decimal points, or in the event the final settlement value is equidistant between 2 minimum price fluctuation of the underlying share prices traded for the morning and afternoon trading session on Bursa Malaysia on the Final Trading Day.
SPECULATIVE POSITION LIMIT	Maximum number of net long or net short positions to be held: 1,350 contracts, or 2,300 contracts (if the Average Daily Trading Volume [ADTV] of the underlying stock is more than 20 million for the most recent six-month period)

## 1. How are SSFs different from stocks?

Features	Stocks	SSFs
Investment Capital	100% of unless margin trading facilities are available.	Required to lodge Initial Margin, which is about 10% - 25% of market value, with daily adjustment of profits and losses in your trading account.
Minimum Price Movement	Below MYR 1.00 <b>1/2 Sen</b> MYR1.00 up to MYR 2.99 <b>1 Sen</b> MYR3.00 up to MYR4.98 <b>2 Sen</b> MYR5.00 up to MYR9.95 <b>5 Sen</b> MYR10.00 up to MYR24.90 <b>10 Sen</b> MYR25.00 up to MYR 99.75 <b>25 Sen</b> MYR 100.00 and above <b>50 Sen</b>	0.02 point valued at MYR 20.00 per contract.
Life Span	No expiry date	All open positions expire on contract maturity date and are cash settled against the final settlement price.

# FAQ

## 2. How can I start trading SSFs?

You will be required to open a futures trading account with a futures broker, and will also need to deposit cash or collateral with your broker before you can start trading.

## 3. Must I hold any individual stocks before I can trade the SSF?

No, you do not need to own any individual stocks in order to trade SSFs. You would also not be required to deliver or receive any shares upon expiry of an SSF contract, which will be cash settled.

## 4. How do I keep track of my SSF portfolio?

Your futures broker will provide regular statements to you on your trading activity and open positions. Price updates for each SSF will be available from major price vendors, whilst settlement prices and trading volume may be obtained from newspapers. You will also be able to obtain this information from your broker.

## 5. Will there be a difference between the price for the SSF and its underlying stock?

The price of the SSF and its underlying stock will be closely correlated and will converge towards the expiry of the SSF contract. This is because upon expiry, the SSF will be cash settled based on the weighted average price of the underlying stock traded for the morning and afternoon trading session on Bursa Malaysia on the Final Trading Day.

Although SSF and stock prices generally move in the same direction, there will be instances where there may be temporary distortions in the prices. This presents an opportunity for arbitrageurs to make a simultaneous purchase from the lower priced market, and sale in the higher priced market, to profit from the inconsistencies in prices. The presence of such intermarket trading activities ensures convergence of the 2 markets.

## 6. What are the margin requirements for SSFs?

Please refer to your preferred futures broker for the latest margin requirements or you may refer to our [https://www.bursamalaysia.com/trade/trading\\_resources/derivatives/circulars](https://www.bursamalaysia.com/trade/trading_resources/derivatives/circulars) (Change in Performance Margin Rate).

Open a Futures Trading Account with one of the licensed Futures Brokers of Bursa Malaysia Derivatives to get started.

Please refer to our list of Trading Participants at [www.bursamalaysia.com](http://www.bursamalaysia.com)

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#### **BURSA MALAYSIA BERHAD**

197601004668 (30632-P)

Exchange Square, Bukit Kewangan,  
50200 Kuala Lumpur, Malaysia

Tel: +(603) 2034 7000

Fax: +(603) 2026 3584

Email: [futures@bursamalaysia.com](mailto:futures@bursamalaysia.com)